

FLSmidth & Co. Group Interim Report for Q2 2024

Strong profitability across both Mining and Cement reflecting continued business improvements

Highlights in Q2 2024

- Growth in Mining Service order intake of 7%, whereas the significant decline in Mining Products order intake reflects market softness
- Mining revenue decline of 13% primarily reflects timing of the execution of certain Mining Products orders
- Continued progression in Mining profitability with Adjusted EBITA margin of 13.1%
- Cement Service order intake growth in core market clusters partly offsets impacts from de-risking and divestments
- Cement Adjusted EBITA margin of 9.6% reflecting strong margin execution and lower SG&A costs
- Continued progression on all Science Based Targets
- The financial guidance for the full year 2024, as set out in Company Announcement no. 9-2024 on 7 August 2024, is maintained

Group CEO, Mikko Keto, commented: *“Our performance in the first half of the year is testament to our continued strong progression across all our key transformation activities, with additional improvements in profitability for both Mining and Cement. In Mining, we delivered an Adjusted EBITA margin of 13.1% in the second quarter of the year - the highest level in many years. We continue to see a stable and healthy service market, whereas the products market remains soft due to persisting hesitation by some customers on larger investment decisions. Our Cement business achieved an Adjusted EBITA margin of 9.6% in the second quarter of the year, demonstrating our successful efforts in simplifying its operating model and driving Service growth in our core market clusters. The largely stable cement market continues to provide good opportunities for the Service business, whereas we continue to de-risk the Products business to preserve profitability. Looking ahead, the resilience of our service-oriented business model, our continued focus on business simplification to ensure a cost-efficient operating model and our dedicated focus on strategy execution gives us great confidence that we are well on track to meet our long-term financial ambitions for both Mining and Cement.”*

Commercial performance, Q2 2024 versus Q2 2023

Mining order intake decreased by 19% compared to Q2 2023 (decrease of 17% if excluding currency effects). Service order intake increased by 7% mainly driven by consumables and upgrades & retrofits. Products order intake decreased by 61% as a result of our general de-risking approach as well as continued customer hesitation to approve larger brownfield and greenfield expansions. No large Products orders were announced in the quarter. Service and Products comprised 82% and 18% of the total Mining order intake in the quarter, respectively (compared to 62% and 38% in Q2 2023, respectively).

Cement order intake decreased by 21% compared to Q2 2023 (decrease of 16% if excluding currency effects and effects from divestments). Service order intake increased by 1% driven by spare parts and professional services within our core market clusters partly offset by upgrades & retrofits. Products order intake decreased by 53% driven in part by the continued pruning of our product portfolio as part of our de-risking strategy and

the impact of divestments. Service and Products comprised 75% and 25% of the total Cement order intake in the quarter, respectively (compared to 59% and 41% in Q2 2023, respectively).

The order backlog for the **Non-Core Activities (NCA)** segment amounted to DKK 435m at the end of Q2 2024 compared to DKK 479m at the end of Q1 2024 and DKK 1,414m at the end of Q2 2023. It remains the expectation that the segment will be fully exited by the end of 2024.

Group order intake decreased by 20% compared to Q2 2023 (decrease of 18% if excluding currency effects and effects from divestments). Service order intake increased by 5% driven by higher Service order intake in Mining and a stable Service order intake in Cement. Products order intake decreased by 59% driven by lower Products order intake for both Mining and Cement. Service and Products comprised 80% and 20% of the total order intake, respectively (compared to 61% and 39% in Q2 2023, respectively).

Financial performance, Q2 2024 versus Q2 2023

Mining revenue decreased by 13% compared to Q2 2023 (decrease of 12% if excluding currency effects). Service revenue decreased by 10%, primarily due to lower revenue within spare parts and professional services, driven by timing of order execution, partly offset by relatively higher revenue within consumables. Products revenue decreased by 19% driven by our de-risking strategy and timing of the execution of certain larger Products orders. Gross profit increased by 14% to DKK 1,263m (DKK 1,107m in Q2 2023) corresponding to a gross margin of 33.4% (25.4% in Q2 2023). Excluding transformation and separation costs of DKK 63m, the Adjusted EBITA margin was 13.1% in Q2 2024. Including these items, the EBITA margin was 11.5% compared to 8.6% in Q2 2023.

Cement revenue decreased by 32% compared to Q2 2023 (decrease of 24% if excluding currency effects and effects from divestments). Service revenue decreased by 26% due to effects from divestments. Products revenue decreased by 40% driven in part by the continued pruning of our product portfolio as a result of our de-risking strategy and the impact of divestments. Gross profit decreased by 16% to DKK 351m compared to DKK 416m in Q2 2023. The decrease was a result of the lower revenue but was partly offset by good execution on higher-margin orders. The corresponding gross margin increased by 6.1%-points to 31.0%. Excluding transformation and separation costs of DKK 12m, the Adjusted EBITA margin was 9.6% in Q2 2024. Including these items, the EBITA margin was 8.5% compared to 4.3% in Q2 2023.

NCA revenue amounted to DKK 44m. Gross profit was negative and amounted to DKK -35m, reflecting the general volatility and operationally loss-making nature of the segment. EBITA amounted to DKK -99m.

Group revenue decreased by 23% (decrease of 20% if excluding currency effects and effects from divestments). Gross profit increased by 5% to DKK 1,579m, compared to DKK 1,497m in Q2 2023, corresponding to a gross margin of 31.8%. The gross margin reflects good execution of higher-margin orders as a result of our de-risking strategy, partly offset by the lower revenue. Excluding transformation and separation costs of DKK 75m, the Adjusted EBITA margin was 10.2% in Q2 2024. Including these items, the EBITA margin was 8.7% compared to 5.2% in Q2 2023. Cash flow from operating activities (CFFO) amounted to DKK 14m with negative impacts from changes in net working capital and provisions.

Financial guidance for 2024

Financial guidance for 2024, as set out in Company Announcement no. 9-2024 on 7 August 2024, is maintained. The guidance reflects the ongoing business simplification and transformation efforts, continued improvement in the core Mining business, realisation of the full cost synergies from the Mining Technologies acquisition, continued profitability progress in the Cement business and the ongoing exit from the Non-Core Activities segment.

Mining	Cement	Non-Core Activities	Consolidated Group
Revenue (DKKbn) ~15.5 <i>(DKK 7.4bn)</i>	Revenue (DKKbn) 4.0-4.5 <i>(DKK 2.3bn)</i>	Revenue (DKKm) 200-300 <i>(DKK 94m)</i>	Revenue (DKKbn) ~20.0 <i>(DKK 9.8bn)</i>
Adj. EBITA margin 12.5-13.0% <i>(12.3%)</i>	Adj. EBITA margin 8.0-9.0% <i>(8.6%)</i>		Adj. EBITA margin 10.0-11.0% <i>(9.7%)</i>
		EBITA (DKKm) Loss of DKK 200-300 <i>(Loss of DKK 161m)</i>	EBITA margin 8.5-9.5% <i>(8.1%)</i>

Note: Numbers in brackets represent H1 2024 results.

Earnings call

A presentation of the results will take place on **15 August 2024 at 11:00 CEST**. Mr. Mikko Keto (Group CEO) and Mr. Roland M. Andersen (Group CFO) will comment on the report and developments in the Group. The presentation will be followed by a Q&A-session. The presentation is available at: www.flsmidth.com/reports-and-presentations.

Live audio-webcast

The presentation can be followed live or as replay **via the internet** [here](#).

If you wish to ask questions during the Q&A-session, please sign up [here](#). After registration, you will receive phone numbers, pin codes and a calendar invite. Please note that you will receive two codes (a pass code and a PIN code), both of which are needed when dialling into the webcast.

Presentation slides

The presentation slides will be made available shortly before the scheduled start of the webcast at www.flsmidth.com/reports-and-presentations.

Consolidated key figures Q2 2024 and H1 2024

<i>DKK million, unless otherwise stated</i>	Q2'24	Q2'23	Change (%)	H1'24	H1'23	Change (%)	FY'23
Order intake	4,436	5,523	-20%	9,684	11,155	-13%	21,376
- Hereof service order intake	3,556	3,388	5%	7,060	7,183	-2%	14,183
- Hereof products order intake	880	2,135	-59%	2,624	3,972	-34%	7,193
Order backlog	16,518	20,544	-20%	16,518	20,544	-20%	17,593
Revenue	4,958	6,399	-23%	9,797	12,415	-21%	24,106
- Hereof service revenue	3,229	3,833	-16%	6,359	7,515	-15%	14,236
- Hereof products revenue	1,729	2,566	-33%	3,438	4,900	-30%	9,870
Gross profit	1,579	1,497	5%	2,993	2,894	3%	6,087
Gross margin	31.8%	23.4%		30.6%	23.3%		25.3%
Adjusted EBITA	506	429	18%	949	791	20%	1,919
Adjusted EBITA margin	10.2%	6.7%		9.7%	6.4%		8.0%
EBITA	431	332	30%	796	567	40%	1,438
EBITA margin	8.7%	5.2%		8.1%	4.6%		6.0%
Profit for the period	187	118	58%	381	202	89%	491
CFFO	14	372	n.m.	-338	-32	n.m.	623
Free cash flow	-89	218	n.m.	-395	-210	n.m.	366
Net working capital				2,021	2,542	-20%	1,382
Net interest-bearing debt				1,227	1,214	n.m.	(639)

Contacts:

Investor Relations

Jannick Lindegaard Denholt, +45 21 69 66 57, jli@flsmidth.com

Andreas Escherich Holkjær, +45 24 85 03 84, andh@flsmidth.com

Therese Møllevinge, +45 41 37 16 38, tmo@flsmidth.com

Media Relations

Rasmus Windfeld, +45 40 44 60 60, rwin@flsmidth.com

About FLSmidth

FLSmidth is a full flowsheet technology and service supplier to the global mining and cement industries. We enable our customers to improve performance, lower operating costs and reduce environmental impact. MissionZero is our sustainability ambition towards zero emissions in mining and cement by 2030. We work within fully validated Science-Based Targets, have a clear commitment to improving the sustainability performance of the global mining and cement industries and aim to become carbon neutral in our own operations by 2030. www.flsmidth.com.